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Mexico

Grain and Feed

Mexican Government Announces New Corn Import Certificates

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Report Highlights:

On August 29, 2002, the Secretariat of Economy (SE) announced the new corn import permit certificates for 2,666,925 MT which exceed the NAFTA tariff-rate quota. The new certificates are valid from August 28 until December 31, 2002. With these new import permits, SE will enforce the over-quota tariffs of 1 percent on yellow corn and 2 percent duty on white corn.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Mexico [MX1], MX

On August 29, 2002, the Secretariat of Economy (SE) announced in the Diario Oficial (Mexico's Federal Register) the new corn import permit certificates totaling 2,666,925 MT which are above the NAFTA tariff-rate quota (TRQ). According to SE sources, the 2002 NAFTA corn TRQ (3,166,925) was filled as of July. The new certificates are valid from August 28 until December 31, 2002. With these new import permits, SE will enforce the over-quota tariffs of 1 percent on yellow corn and 2 percent duty on white (see MX 2037). The announcement did not give the breakdown of how the new permits will be allocated among the different interested parties such as the starch industry, breakfast cereal manufacturers, livestock's sector (feeders, growers & feed millers), corn flour millers (human consumption); snack manufacturing companies and tortilla makers. The announcement includes the new administrative procedures for allocation of new certificates to importers (see MX2012).

The new procedures are designed to provide more transparency for industry and importers, and require additional administrative steps for both the importers and SE. According to industry sources, however, given Mexico's inability to fully meet its domestic consumption demands for corn, such rules are not necessarily being seen as a trade barrier to U.S. corn imports. The announcement recognized, for example, that Mexican corn production is insufficient to meet domestic corn demand and that the 2002 corn in-quota TRQ was already filled. Consequently, it was determined that new corn import certificates for an over-quota amount should be issued.

Official sources indicated that with this announcement, SE is honoring the Congressional mandate of reducing the out-of-quota quantity of corn imported in CY2002 by 500,000 MT which was established in the 2002 Budget Law (see MX 2037). If used totally the new corn import's permits (cupos), would reduce total corn imports from approximately 6.2 MMT to 5.9 MMT of corn in CY2002. Within the next few days' SE will allocate the new "cupos" among the different importers.